

Exhibit 2

UNITED STATES BANKRUPTCY COURT

DISTRICT OF PUERTO RICO

In Re:) Docket No. 3:17-BK-3283 (LTS)
)
) Title III
The Financial Oversight and)
Management Board for)
Puerto Rico,) (Jointly Administered)
)
as representative of)
)
The Commonwealth of)
Puerto Rico, et al.,) September 11, 2019
)
and)
)
)
Puerto Rico Electric)
Power Authority,)
)
Debtors.)

OMNIBUS HEARING

BEFORE THE HONORABLE U.S. DISTRICT JUDGE LAURA TAYLOR SWAIN

UNITED STATES DISTRICT COURT JUDGE

APPEARANCES:

For The Commonwealth
of Puerto Rico, et al.: Mr. Martin J. Bienenstock, PHV
Appearing in New York
Ms. Laura Stafford, PHV
Mr. Paul V. Possinger, PHV
Mr. Michael Firestein, PHV
Mr. Ehud Barak, PHV

1 the allocation of federal funds and a supplemental Medicaid
2 funding extension from Congress. Hopefully these meetings
3 will help reset the overall relationship between the Federal
4 Government and Puerto Rico, which is an important element in
5 moving forward.

6 In summary, Your Honor, I think things are moving
7 quite well on all fronts, and I'm very pleased that much
8 progress has been made with the Oversight Board and its
9 advisors. And I remain hopeful that it will continue ongoing
10 as we move forward.

11 Thank you, Your Honor.

12 THE COURT: Thank you, Mr. Rapisardi, for that very
13 comprehensive and encouraging report.

14 Before we turn to the Fee Examiner's report, I'd like
15 briefly to address an additional topic that is not listed on
16 the Agenda. I've seen media reports indicating that several
17 so-called sources have provided media outlets with information
18 regarding work by the mediation team and mediation
19 participants that is being done pursuant to the Court's July
20 24th, 2019, Order, which is docket entry number 8244 in the
21 3283 case.

22 For example, on August 27th, 2019, Reorg Research
23 released an alert titled, Commonwealth Mediation Expected to
24 Kick Off After Labor Day Weekend, Sequencing of Gating Issues
25 Seen as Crucial to the Process. This article contains

1 information attributed to at least five unnamed sources, and
2 includes what purport to be very specific details regarding
3 the status of the ongoing mediation.

4 In a September 5th, 2019, article published in the
5 Bond Buyer, a person described as an anonymous bondholder
6 source familiar with the process provided alleged details
7 about the current focus of the mediation efforts.

8 Since my June 2017 Notice and Order regarding the
9 proposed appointment of the mediation team, that's docket
10 entry number 329, a long time ago, in the 3283 case, the Court
11 has made it abundantly clear that the parties' work with the
12 mediation team is to be confidential, separate from the
13 litigation process and out of the public eye.

14 The Notice and Order specifically stated that both
15 the participants and the mediators will be bound by
16 confidentiality. These principles were explicitly
17 incorporated into the Court's Order Appointing Mediation Team,
18 which was filed as docket entry number 430 in the 3283 case on
19 June 23rd, 2017.

20 The mediation process was initiated as a voluntary
21 one. In July of this year, I Ordered mediation of key
22 procedural and substantive issues to give the mediators and
23 the parties confidential space to work together candidly and
24 efficiently to find common ground on priorities and lay the
25 foundation for work toward a substantially consensual plan.

1 That mandatory work is to be entirely confidential. I do not
2 want to learn details of its process as I proceed with the
3 litigation matters that are still on my plate during the stay
4 period.

5 I have set a particular reporting date and reporting
6 structure. During the stay and as mediation continues through
7 the course of these cases, I do not want to read about ongoing
8 mediation matters in the papers. When anyone can read about
9 the progress of ongoing mediation efforts in the press, the
10 separation between the mediation and litigation processes is
11 undermined. It is a basic, important premise of mediation
12 that the parties and mediators can exchange information,
13 whether in writing or orally, without a concern that that
14 information will be reported outside of the mediation group,
15 in the press or otherwise.

16 In light of the recently published articles, I'm
17 deeply concerned that parties have forgotten or perhaps have
18 chosen to ignore what was clearly stated in the original
19 Orders designating and appointing the mediation team. Today I
20 will issue a Supplemental Order regarding the confidentiality
21 of ongoing mediation efforts, and the Order will provide that
22 if any additional breaches of mediation confidentiality appear
23 to occur, the Court will not hesitate to take appropriate
24 action to determine the source of the leak and to evaluate
25 whether sanctions may be appropriate.